

**THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY,
INDIANA, HELD A SPECIAL COUNCIL MEETING IN THE THIRD FLOOR
ASSEMBLY ROOM OF THE CITY/COUNTY BUILDING ON TUESDAY,
AUGUST 29, 2006 AT 6:00 P.M.**

The special meeting of the **New Albany City Council** was called to order by President Jeff Gahan at 7:30pm. The meeting opened with the Lord's Prayer and the Pledge of Allegiance.

MEMBERS PRESENT: Council Members Mr. Coffey, Mr. Schmidt, Mr. Price, Mr. Kochert, Ms. Crump, Mr. Blevins, Mr. Messer, Mr. Seabrook, and President Jeff Gahan.

Mr. Schmidt presented and discussed a memo regarding the EDIT Fund which is on file with the City Clerk's office.

Mr. Messer felt that using EDIT punishes the tax payers by making them pay twice through a fee and by using their income taxes.

Mr. Coffey did not agree with an increase a few years ago and he does not agree with it now. He commended Mr. Gahan for putting a sewer report on the agenda because he knew that there were problems in the sewer utility. He discussed his disagreement with the former project plan and stated that he believes that some of the money was used to pay for lines in the out lying areas, not in the inner city area, and added that the roads were not paved back to there previous condition as they were suppose to be.

Mr. Price went over issues in the 2005 Audit regarding delinquent bills and incorrect billings. He also expressed his concerns over liens not being filed in a timely manner to collect delinquent monies.

Mr. Seabrook stated that he agrees there are billing problems that are being worked on, but that the bottom line is that they owe \$5M yearly and they need to secure those funds someway and has not been able to find it anywhere in the general budget. He believes that this is the best deal to correct this problem. He also stated that just because liens are filed that just means that they are in the pipeline and doesn't automatically mean that you will get cash out of it right away. He added that there are certain functions and persons on the sewer board that have the authority to see to it that liens are filed and certain ones that don't so the fact that the liens weren't recorded for a period of time is probably inexcusable but they are being filed regularly now.

Mr. Price stated that he still can not vote on this deal when there are still red flags in the audit.

Mr. Kochert stated that they paved the streets up to the time that they realized that they were running out of money.

Mr. Coffey stated that he knew of a business that had their parking lot and sidewalks replaced while another across the street who had the majority of the traffic did not get theirs redone.

Mr. Seabrook stated that the second one was done after a request.

Ms. Crump stated that she has talked with people and explains to them that it is a \$.81 increase a month.

Mr. Gahan stated that if he looks at Alternative C, we are really looking at total investment in the sewer utility is around \$9M and sees it as a \$9M bailout of a utility that is failing and that's coming on the heels of a \$40M renovation. He then pointed out several issues with the sewer utility that he has problems with and feels that despite the

fact that they have been given opportunities to inform them of the sewer problems, there have been several issues that were never discussed. He also mentioned his issue with the \$900,000.00 that was supposed to be saved by privatizing sanitation and wants to know where that savings is and thought that it was to show up on the bottom line of the sewer utility fund. He feels that the council has done everything it can to support the sewer utility such as voting to increase tap-in fees, voting to implement stormwater fee and voting to implement the stormwater board.

Mr. Price discussed the issue of the “Garry Plan” that was presented last year to borrow \$5M from the sewer utility last year and now they need more money.

Mr. Blevins asked if this isn’t passed where we would get the \$5M.

Mr. Coffey stated that he should look at the history of the number of sewer rate increases. He stated that he wants to know how they got to this point before they throw anymore more into alleviating a problem. He also would like for Mr. Downs to explain the plan that he said could be set up.

Mr. Blevins stated that if we don’t pass it, he wanted to know where that would leave us. He added that there are so many different stories and facts out there that he doesn’t know what to believe.

Mr. Gahan stated that he was not comfortable with what was before them tonight and suggested forming a committee to take a closer look at the issue.

There was a lengthy discussion regarding the necessity of a rate increase and what might happen if this does not happen.

Mr. Messer felt that the reason this problem exists is because of the politics in the sewer utility and it is time the politics are taken out.

INTRODUCTION OF ORDINANCES AND RESOLUTIONS: READING

G-06-12	An Ordinance Amending Ordinance No. G-02-13 Establishing Rates and Charges for the Sewage Works Of the City of New Albany	Kochert 2 & 3
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Mr. Kochert introduced G-06-12 alternate B and motioned for the second and third readings by title only, Mr. Seabrook second, all voted in favor with the exception of Mr. Coffey, Mr. Schmidt, Mr. Price and Mr. Gahan who voted nay. G-06-12 became Ordinance G-06-29.

Mr. Fifer went over alternate B for the sewer rate increase and stated that it would increase the monthly bill of the rate payer \$.81 at three different times until the full increase is implemented fully. He also explained the alternate B for G-06-13 and 14 to wrap the SRF Loan. He explained that this is still actually a 19% increase but by using alternate monies as suggested by the council it has brought down the increase for the rate payer. He also explained that there is no emergency fund made available using these alternatives.

Mr. Blevins asked if there was a deadline for them to pass this.

Mr. Fifer explained that they need to pass this prior to September 1st so that they can get the SRF deal.

G-06-13	An Ordinance Amending Ordinance No. G-02-17	Seabrook 2&3
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Mr. Seabrook introduced G-06-13 Alternate B and motioned for the second and third readings by title only, Ms. Crump second, all voted in favor with the exception of Mr. Coffey, Mr. Schmidt, Mr. Price and Mr. Gahan who voted nay. G-06-13 became Ordinance G-06-30.

Mr. Fifer passed out a new version of G-06-13 that Buddy Downs prepared after talking with SRF this afternoon.

Mr. Downs explained that at the top of page 4, they imbedded the EDIT funds that will be used and on page 5, SRF wanted the two payments of \$270,000 that were missed be required to be paid by September 1st. He went on to explain that on page 6, there is language that they will not rescind EDIT which cannot be done by the municipality and on page 8, section 7 was added to protect the city so they can issue Parity Bonds.

Mr. Coffey asked if the money that was used out of the sewer utility in the amount of about \$5M was factored into the sewer rate increase.

Mr. Fifer explained that because of the amount of money that will be coming out of EDIT that it should be considered even because we will never know the full amount that was used out of the sewer utility but that it will be a large enough amount.

Mr. Kochert asked how we will pay for projects.

Mr. Fifer explained that there is about an additional \$2M that could be used to pay for the Basin 35, Basin 4 and the Robert E. Lee projects. He stated that he has no problem coming back to the council to discuss monies that could be used to cover some of these projects such as TIF money. He said that could reduce our need by \$900,000 and they can decide later if they want to reduce the third phase of the increase or keep that money in the sewer utility.

Mr. Kochert pointed out that this increase will not cover all the projects.

G-06-14	Ordinance Concerning the Refunding by the City Of New Albany of Certain Outstanding sewage works Revenue bonds; authorizing the issuance of certain Sewage works refunding revenue bonds for such Purpose; authorizing the issuance of sewage works revenue bonds for the purpose of providing funds to pay the cost of certain additions, extensions and improvements to the municipal sewage works of said City; providing for the collection, segregation and distribution of the revenues of the sewage works and the safeguarding of the interests of the owners of the sewage works revenue and refunding revenue bond; other matters connected therewith; and repealing ordinances inconsistent herewith	Seabrook 2&3
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Mr. Seabrook introduced G-06-14 and motioned for the second and third readings by title only, Mr. Kochert second, all voted in favor with the exception of Mr. Coffey, Mr. Schmidt, Mr. Price and Mr. Gahan who voted nay. G-06-14 became Ordinance G-06-31.

Mr. Downs explained that they had to make the same changes in this document as G-06-13.

Mr. Coffey asked about the paragraph that says the sewer works is under IC 36-9-23 is correct because we have a hybrid board.

Mr. Buddy Downs explained that the rates and bonding fall under IC 36-9-23 and all financial issues must come before this board regardless of how they have set up their board.

There being no further business before the board, the meeting adjourned at 7:23 p.m.

Jeff Gahan, President
Common Council, City of New Albany

ATTEST: _____
Marcey J. Wisman, City Clerk